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SUBJECT: PM JETTOU (RE)OUTLINES SOCIO-ECONOMIC AGENDA

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1. Summary: Reinforcing the Government of Morocco's (GOM's) commitment to education and literacy, housing, and health care, on May 23, Prime Minister Driss Jettou outlined his government's priorities and themes for social and economic development in the coming months. End summary.

2. Following on King Mohammed VI's May 19 speech calling for a national economic development plan, Prime Minister Jettou on May 23 outlined the government's economic strategy to upgrade the economy, improving Morocco's "modest" human development index scores. Jettou catalogued the GOM's legislative and budget priorities and agenda for the rest of 2005. In addition to echoing earlier social and economic themes such as housing, education and literacy, health care, and job creation, Jettou also discussed social programs targeting sports, culture, and youth. Jettou said that 51 percent of the general budget would be allocated to social development.

3. Citing Morocco's woeful development figures - including 40 percent illiteracy, 40 per 1000 infant mortality, and over two million children not receiving basic education, Jettou pledged to redouble government efforts to "upgrade the economy." Hoping to eradicate illiteracy by 2015, the Jettou government will continue to increase enrollment in literacy training. In 2003-2004, the number of beneficiaries more than doubled from 200 thousand to 450 thousand, according to Jettou. A national charter for education will modernize programs, methods, and materials (including textbooks) and develop effective new pedagogical practices.

4. The government will address a 1.2 million unit housing shortage for low income families through an ambitious construction plan that promises an additional 100 thousand homes per year. The Prime Minister also underscored the GOM's "Slum-free Cities" program, an ambitious USD 2 billion initiative that targets 212 thousand families in 70 cities and aims to eradicate unsuitable housing by 2010.

5. The Prime Minister said his government will implement a compulsory health insurance law that will increase private and public sector coverage from five to 10.2 million Moroccans (still far short of Morocco's 33 million inhabitants). The GOM will continue to bolster the Health Ministry's budget. That ministry received 10 percent annual increases since 2002.

6. Jettou also addressed sports and culture. He introduced new and existing programs including "sports for all" that encourages healthy exercise, "Book time" to promote literacy, and "Holidays for all." Jettou noted that the GOM has allocated nearly USD 13 million to upgrade and support such cultural activities.

7. Comment: Jettou's speech carried less punch than the King's far reaching vision for national economic development (reftel). The Prime Minister mostly reiterated old themes in a "stay the course" lecture. Most of the figures he provided were already public - the GOM is trying to remind Moroccans of efforts already underway. However, in contrast to Mohammed VI's large-scale and elaborate vision (reftel), these remarks demonstrate the Prime Minister's and the GOM's priorities for the short to medium term. Jettou's ambitious and expensive plans for social and economic development also coincide with recent news of lower than expected economic growth predictions and higher than expected budget deficit forecasts for 2005.